

June 7, 2022

To Our Shareholders and Investors,

Mitsubishi Estate Co., Ltd.  
Nominating Committee  
Tsuyoshi Okamoto (Outside Director)  
Nominating Committee Chairman  
(Securities Code: 8802, Prime Market, Tokyo Stock Exchange)

**Supplemental Explanation regarding the Proposal No. 3 Candidate No. 10 to be Resolved at the 123rd Ordinary General Meeting of Shareholders**

Mitsubishi Estate Co., Ltd. (the “Company”) would like to thank you for your continued support and patronage.

In Proposal No. 3, “Election of Fifteen (15) Directors” at the Company’s 123rd Ordinary General Meeting of Shareholders to be held on June 29, 2022, Institutional Shareholder Services, Inc. (“ISS”) has recommended against the appointment of Mr. Tetsuo Narukawa (“Mr. Narukawa”), a candidate for Outside Director, due to lack of independence.

Accordingly, we would like to provide a supplementary explanation on Mr. Narukawa’s independence, knowledge, experience and capabilities, as follows, and ask the shareholders to take this information into consideration when exercising voting rights.

1. About judgment by ISS of Mr. Narukawa’s independence

ISS has determined that Mr. Narukawa has no independence because Mizuho Bank, Ltd. is a lender of the Company as of the end of 2021, and that Mr. Narukawa has worked for Mizuho Bank, Ltd. in the past. The Company is providing this supplementary explanation to address the facts that the Company has borrowed funds from Mizuho Bank, Ltd., and Mr. Narukawa had worked for Mizuho Bank in the past as an officer in order to show that Mr. Narukawa maintains his independence, and to thereby resolve doubts about his independence.

2. The Company’s supplementary explanation

(1) The Company’s approach to governance and the election of Directors

The Company, in the “Mitsubishi Estate Co., Ltd. CORPORATE GOVERNANCE GUIDELINES\*<sup>1</sup>,” sets forth that in the composition of its Board of Directors, as a whole, it shall ensure a diverse background and an appropriate balance among individual Directors for their experience and knowledge in specialized fields. The Board of Directors comprises fifteen (15) Directors, of whom seven (7) are Outside Directors, and the Company intends to build a

system that embodies diverse backgrounds and sufficient balance, such as by increasing the number of female Director candidates (from one (1) candidate to two (2) candidates) at this General Meeting of Shareholders.

The Company's organizational structure is that of a Company with Nominating Committee, etc. and the process of nominating candidates for Directors is carried out by the Nominating Committee, comprising all Outside Directors, based on the "Standards for the Independence of Outside Directors<sup>\*2</sup>" and the "Appointment Standards for Candidates for Directors<sup>\*3</sup>," which have been established by adding the Company's standards for independence to the standards for independence set forth by the Tokyo Stock Exchange. Candidates for Outside Directors are selected from among those who, in addition to possessing the qualities and capabilities required of candidates for Directors, have the necessary skills in light of the management strategy, who apply their experience and knowledge in specialized fields, who have the personality and knowledge enabling objective and fair judgments, based on the perspective that they would contribute to the common interests of the shareholders without bias toward the interest of any particular party of interest, and who satisfy the "Standards for the Independence of Outside Directors."

(2) Mr. Narukawa's independence

Mr. Narukawa joined the Industrial Bank of Japan, Ltd. (currently Mizuho Bank, Ltd.) in 1974, became Executive Managing Director in 2004, retired in March 2006, joined Kowa Real Estate Co., Ltd. (currently Nippon Steel Kowa Real Estate Co., Ltd.) in April 2006, and was appointed President of the company in April 2010. He has been a Director & Executive Advisor since 2014, retired from the company in April 2017, and has been a Director of the Company since June 2018.

As described above, based on the fact that at the time he was appointed as Outside Director of the Company in June 2018, it had been approximately 12 years since he resigned from Mizuho Bank, Ltd., and, presently, it has been 16 years since he resigned from the said company, the Company's Nominating Committee believes that Mr. Narukawa does not have a relationship of interest with the said company.

According to provisions of the Companies Act, which were revised in 2014, the requirements for outside status shall be fulfilled in the case of a person with experience working at the Company provided that 10 years have passed since their retirement from that position. Therefore, Mr. Narukawa sufficiently satisfies the requirements of independence even when assessing his status from the perspective of the "cooling-off period."

In addition, the Company raises funds from more than 60 financial institutions, not limited to the Bank, and the ratio of funds raised from the Bank to the Company's total borrowings from financial institutions on a consolidated basis as of the end of 2021 is as shown in the table

below. The Company is a company with a Nominating Committee, etc., and the capital policy such as financial soundness and financing policy based on the annual plan, etc. is a matter to be resolved by the Board of Directors, but the authority to decide the individual financial institution and the amount to be raised is delegated, and non-executive independent outside directors are not involved.

On that basis, the Company's Nominating Committee believes that Mr. Narukawa meets the Standards for the Independence of Outside Directors and that his independence has been adequately ensured.

\*Major Lenders, Etc. (As of March 31, 2022)

: The balance of borrowings from Mizuho Bank, Ltd. was 5.96% of the Company's total borrowings from financial institutions on a consolidated basis

Name of Lender	Balance of Borrowings (Billions of yen)	Ratio
MUFG Bank, Ltd.	448.1	24.08%
The Norinchukin Bank	112.2	6.03%
Mizuho Bank, Ltd.	110.8	5.96%
Meiji Yasuda Life Insurance Company	100.3	5.39%
Nippon Life Insurance Company	92.8	4.93%
Consolidated total borrowings from financial institutions	1,860.5	100%

(3) Mr. Narukawa's knowledge, experience and capabilities

Mr. Narukawa was appointed as an Outside Director in June 2018, and has been the Chairman of the Nominating Committee and the Member of the Compensation Committee from June 2018 to June 2019, and the Chairman of the Audit Committee since June 2019.

Mr. Narukawa has consistently provided dynamic comments and recommendations based on the excellent knowledge and insight based on corporate management experience, international experience, real estate business experience, etc. gained in his career at financial institutions and real estate companies, and has fulfilled his supervision and check functions by posing questions from an objective viewpoint. He attended all meetings of the Board of Directors and the Audit Committee in 2021 and has contributed to revitalizing and deepening the discussions of the Board of Directors and the Committee.

[Unofficial Translation]

To give some concrete examples, we have received opinions in the strategy for improving shareholder value regarding the dialogue policy with the stock market at the time of acquisition of treasury stock, the necessity to select an area for business investment based on the characteristics of the European market and geopolitical risks, the necessity of considering opportunities to acquire investment capital in the investment management business, the importance of risk diversification in light of changes in the business environment and needs in long-term large-scale projects, and the necessity of acquiring business opportunities utilizing various business fields as a comprehensive developer. We also receive valuable opinions regarding our social value improvement strategy, such as efforts to reduce GHG, the importance of collaboration with other companies in respecting human rights, and overseas trends regarding the acquisition of ESG certification.

From the above, the Company's Nominating Committee has determined that Mr. Narukawa meets the independence standards and the "Appointment Standards for Candidates for Directors" and is well-suited as a candidate for Outside Director.

\*1, \*2 (on p.8), and \*3 (on p.6 – 7)

<https://www.mec.co.jp/e/investor/governance/materials/pdf/guidelines211217e.pdf>

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